

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01

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R 210350Z FEB 76

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8575

INFO AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMCONSUL HONG KONG

USLO PEKING

CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 TAIPEI 1131

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PING, PFOR, EGEN, TW

SUBJECT: FEBRUAY: A TIME OF QUIET

REFERENCE: TAIPEI 0330

1. SUMMARY: ASIDE FROM A DRAMATIC CRACKDOWN ON CRIMINALS, THE ROC DOMESTIC SCENE OVER THE PAST SEVERAL WEEKS HAS BEEN RELATIVELY QUIET, WITH SOME ENCOURAGING ECONOMIC SIGNS AND OCCASIONAL SUGGESTIONS THAT A KMT CENTRAL COMMITTEE PLENUM WILL BE HELD IN THE SPRING AND THAT ELECTIONS FOR MAGISTRATES, MAYORS, AND PROVINCIAL ASSEMBLYMEN NOW SCHEDULED FOR LATE THIS YEAR MAY BE POSTPONED. IN FOREIGN AFFAIRS, THE ROC APPEARS TO HAVE MADE SOME PROGRESS IN STRENGTHENING SUBSTANTIAL RELATIONS WITH COUNTRIES WITH WHICH IT DOES NOT HAVE DIPLOMATIC RELATIONS. HOWEVER, PUBLIC ATTENTION CONTINUES TO FOCUS ON SPECULATION CONCERNING THE SIGNIFICANCE OF THE APPOINTMENT OF HUA KUO-FENG AS THE PRC'S ACTING
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PREMIER. END SUMMARY.

2. ALTHOUGH THE SIGNS OF A TOUGHER GOVERNMENT STANCE TOWARD VARIOUS ELEMENTS OF THE SOCIETY MENTIONED IN REFTEL HAVE ABATED IN RECENT WEEKS, THE DRAMATIC CRACKDOWN AGAINST CRIMINALS CONTINUES. IN THE PAST SEVERAL WEEKS 13 MALES HAVE BEEN EXECUTED, MOST OF WHOM WERE CONVICTED OF ARMED ROBBERY. SOME SIX OTHERS HAVE BEEN SENTENCED TO DEATH AND ARE AWAITING EXECUTION. MEDIA COVERAGE OF THE DEATH SENTENCES HAS BEEN HEAVY, AND TELEVISION CHANNELS HAVE BEGUN TO BROADCAST ANNOUNCEMENTS ATTRIBUTED TO TGGH ON WHAT KINDS OF CRIMINAL ACTS ARE SUBJECT TO EXECUTION OR LIFE IMPRISONMENT.

3. ACCORDING TO PRESS REPORTS, THE POLICE CLAIM THAT THE EXECUTIONS HAVE BEEN SUCCESSFUL IN REDUCING WHAT APPEARS TO HAVE BEEN AN ALARMING INCREASE IN THE CRIME RATE. HOWEVER, THE RASH OF EXECUTIONS HAS MET WITH MIXED REACTIONS HERE. WHILE MOST OF THE POPULACE APPEARS TO BELIEVE THAT THE EXECUTIONS ARE JUSTIFIED AS AN EFFECTIVE WAY TO LOWER THE CRIME RATE, SOME HAVE EXPRESSED SYMPATHY FOR THOSE EXECUTED, MOST OF WHOM ARE YOUNG. (IN THAT REGARD, THE GROC HAS DECIDED NOT TO LOWER THE AGE CEILING FOR JUVENILES.) OTHERS MORE SOPHISTICATED HAVE INDICATED THEIR MISGIVINGS ABOUT WHAT TO THEM APPEARS TO BE ARBITRARY AND HASTY APPLICATION OF THE DEATH SENTENCE. PERHAPS IN AN ATTEMPT TO MEET THIS CRITICISM, THE PRESS HAS BEGUN TO POINT OUT THAT THOSE SENTENCED TO DEATH HAVE THE RIGHT OF APPEAL UNDER RULE BY LAW, CIVIL OR MARTIAL.

4. FALLOUT FROM THE DECEMBER 1975 ELECTIONS FOR SUPPLEMENTARY LEGISLATORS CONTINUES. PROSPECTIVE LEGISLATIVE YUAN (LY) CANDIDATE PAI YA-TSAN WAS SENTENCED TO LIFE IMPRISONMENT FOR SEDITION, AND KUO YU-HSIN'S LAWYER PREDICTED THAT AN UNFAVORABLE VERDICT WILL SHORTLY BE HANDED DOWN ON KUO'S ELECTION SUIT.

5. THERE ARE SOME INDICATIONS IN THE PRESS AND PRIVATELY THAT ELECTIONS FOR MAGISTRATES, MAYORS, AND PROVINCIAL ASSEMBLYMEN SCHEDULED FOR LATE 1976 MAY BE POSTPONED UNTIL 1977. A FEBRUARY 19 CHUNG KUO SHIH PAO ARTICLE REPORTED THAT THE KMT CENTRAL COMMITTEE HAS ESTABLISHED AN AD HOC COMMITTEE

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TO EXAMINE THIS QUESTION AND THAT A DECISION IS EXPECTED TO BE REACHED IN LATE MARCH. PUBLICLY, THE RATIONALE FOR POSTPONING THE ELECTIONS IS TO REDUCE EXPENSES INVOLVED IN HOLDING ELECTIONS FOR VARIOUS OFFICES AT DIFFERENT TIMES. HOWEVER, IT IS POSSIBLE THAT THE GROC MAY ALSO FEEL A NEED FOR MORE TIME TO ANALYZE THE DECEMBER LY ELECTIONS IN GREATER DETAIL BEFORE MOVING TO ANOTHER SERIES OF ELECTIONS.

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C O N F I D E N T I A L SECTION 2 OF 2 TAIPEI 1131

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6. THE POSSIBILITY OF A PLENARY SESSION OF THE 10TH KMT CENTRAL COMMITTEE SOMETIME IN THE SPRING HAS ALSO BEEN MENTIONED IN THE PRESS AND PRIVATELY. ACCORDING TO A TAIWAN SHIH PAO ARTICLE WHICH QUOTED A "RANKING KMT OFFICIAL," AFTER THE SPRING PLENARY SESSION THERE WILL BE A LARGE-SCALE RESHUFFLING OF KMT AGENCIES TO BRING YOUNGER CADRES INTO MORE IMPORTANT JOBS. THE ARTICLE ALSO SUGGESTS THAT A CABINET RESHUFFLE WILL OCCUR AT ABOUT THE SAME TIME. THE EMBASSY HAS HEARD THAT THE KMT NATIONAL PARTY CONGRESS, WHICH IS SCHEDULED TO MEET EVERY FOUR YEARS BUT HAS NOT MET SINCE 1969, MAY ALSO BE CONVENED AT THE END OF THIS YEAR OR THE BEGINNING OF NEXT YEAR.

7. ON THE ECONOMIC SIDE, THE GROC CAN TAKE ENCOURAGEMENT FROM THE FACT THAT ALTHOUGH TOTAL TRADE IN JANUARY SHRUNK BELOW THE DECEMBER LEVEL (FOLLOWING THE USUAL SEASONAL PATTERN), THERE WAS A TRADE SURPLUS FOR THE FIRST TIME SINCE MARCH 1974. DISCUSSION ABOUT DEVALUATION CONTINUES, AND THE RUMOR MILL
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HAS PRODUCED AT LEAST ONE REPORT THAT THE CABINET HAD APPROVED DEVALUATION SOMETIME DURING THE SECOND WEEK IN FEBRUARY. HOWEVER, THE TRADE SURPLUS, EVEN THOUGH IT IS NOT EXPECTED TO OCCUR REGULARLY ON A MONTHLY BASIS, DOES MUCH TO DEFLATE THE ARGUMENTS IN SUPPORT OF DEVALUATION AND TENDS TO JUSTIFY THE GROC'S ECONOMIC POLICIES IN GENERAL AND ITS POSITION AGAINST DEVALUATION IN PARTICULAR. SOME PROGRESS HAS ALSO BEEN MADE IN DEVELOPING THE MONEY MARKET, WITH THE ESTABLISHMENT OF THE FIRST BROKERAGE HOUSE, THE ISSUANCE OF NT\$200 MILLION IN ADDITIONAL TREASURY BILLS, AND THE FLOATING OF NT\$1.5 BILLION IN DEVELOPMENT BONDS.

8. ALSO ENCOURAGING IS THAT GROC EFFORTS TO STRENGTHEN UN-OFFICIAL RELATIONS WITH COUNTRIES NOT HAVING DIPLOMATIC RELATIONS WITH THE ROC APPEAR TO BE MEETING WITH SOME SUCCESS. THE BRITISH BUSINESS COMMUNITY HAS, WITH SOME PUBLIC FANFARE, ESTABLISHED A NEW ORGANIZATION NAMED THE ANGLO-TAIWAN TRADE COMMITTEE TO PROMOTE BRITISH TRADE WITH THE ROC. THAI AND PHILIPPINE ARRANGEMENTS TO OPEN OFFICES IN TAIPEI FINALLY APPEAR TO BE ON TRACK. AND ACCORDING TO THE PRESS, GOVERNMENT SOURCES HAVE SAID THAT THE ROC WILL OPEN SIX MORE COMMERCIAL OFFICES BEFORE THE END OF JUNE TO PROMOTE TRADE RELATIONS WITH COUNTRIES WITH WHICH THE ROC DOES NOT HAVE DIPLOMATIC RELATIONS. EXACT LOCATIONS OF THE NEW OFFICES HAVE NOT BEEN REVEALED, BUT THEY WILL REPORTEDLY INCLUDE TWO IN THE MIDDLE EAST, ONE EACH IN EUROPE AND SOUTHEAST ASIA, AND ONE OR TWO IN CENTRAL AND LATIN AMERICA.

9. THE VISIT BY SINGAPORE PRIME MINISTER LEE KUAN-YEW WAS REPORTED IN THE PRESS ALTHOUGH GROC OFFICIALS HERE CONTINUE TO REMAIN SILENT ON WHAT WAS DISCUSSED BETWEEN LEE AND THE PREMIER. THE PRESS ALSO REPORTS THAT THE RETIRED SERVICEMEN ENGINEERING AGENCY (RSEA) WILL ESTABLISH A NEW RSEA INTERNATIONAL CORPORATION IN SINGAPORE "TO DEAL WITH THE WHOLE RANGE OF RSEA OUTSIDE THE ROC WHEN IN FULL OPERATION."

10. THE PRESS ALSO REPORTED THAT A LARGE TRADING COMPANY, TO BE KNOWN AS CHINESE DISPLAY UNITED OPERATION COMPANY, IS BEING ORGANIZED TO PROMOTE TRADE. REPORTEDLY, THE NEW COMPANY WILL COMPRISE MORE THAN 30 SMALL AND MEDIUM-SIZE BUSINESSES PRODUCING A WIDE RANGE OF PRODUCTS AND WILL OPEN OFFICES IN

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THE MIDDLE EAST AND ON THE U.S. WEST COAST THIS YEAR. ANOTHER BUSINESS-COORDINATING ORGANIZATION WAS REPORTEDLY OPENED IN

LOS ANGELES IN EARLY FEBRUARY. ACCORDING TO REPORTS, IT IS
COMPRISED OF THE CHINESE CONSULATE GENERAL IN LA, CHINA
EXTERNAL TRADE DEVELOPMENT COUNCIL, CENTRAL TRUST OF CHINA,
THE MINISTRY OF COMMUNICATIONS TOURISM BUREAU, FAR EAST TRADE
SERVICE, CHINA AIRLINES, TA-TUNG COMPANY, WEI-CHUAN COMPANY,
AND CHINESE OVERSEAS DEVELOPMENT CORPORATION.

11. HUA KUO-FENG'S APPOINTMENT AS THE PRC'S ACTING PREMIER
AND FORMER PRESIDENT CONTINUES TO DRAW COMMENT, BOTH PUBLIC
AND PRIVATE. HUA'S APPOINTMENT IS VIEWED HERE AS A SIGN OF
A POWER STRUGGLE AND MOUNTING INSTABILITY ON THE MAINLAND,
AND NIXON'S TRIP IS VIEWED AS A PRC PLOT TO MANIPULATE THE
FORMER PRESIDENT.
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